

05-0159 AG Response to Staff's Second Set of Data Requests  
05-0160/61/62 AG Response to Staff's Third Set of Data Requests

**EDiv-AG-2.01/3.01**

**The witness states,**

**Game theorists have been instrumental in the design of new auctions worldwide, including the very successful FCC spectrum auctions. (AG Exhibit 4.0, pp. 2-3)**

- a. By what measures and/or other criteria has the witness concluded that FCC spectrum auctions have been "very successful"?**
- b. Using those same measures and other criteria, does the witness believe that all the FCC spectrum auctions have been "very successful"? If not, please differentiate between the various FCC spectrum auctions that have been, in the witness' view, (1) very successful, (2) successful, (3) unsuccessful, and (4) very unsuccessful.**
- c. Using those same measures and other criteria, does the witness believe that all the New Jersey auctions for vertical tranches of basic electric service (since 2002) have been "very successful"? If not, please differentiate between the various New Jersey auctions for vertical tranches of basic electric service that have been, in the witness' view, (1) very successful, (2) successful, (3) unsuccessful, and (4) very unsuccessful.**

**Dr. Reny's Response:**

- a. By "FCC spectrum auctions," I am referring to the simultaneous ascending auction format that was designed specifically for the sale of spectrum in the U.S. This auction format has been "successful" in the sense that it, or a closely related version, has since been employed in other countries and has also been adapted for other purposes, such as the procurement of electricity. Evidently, those who choose to employ this auction format consider it the best auction from among those that could feasibly have been used instead.**
- b. The continued use of the simultaneous ascending auction design is the measure of success I had in mind. I make no claims regarding the success or failure of any particular auction outcome.**
- c. The continued use of the simultaneous ascending auction design is the measure of success I had in mind. In the case of the New Jersey electricity markets, the auction was adapted to the procurement setting. It was thus a simultaneous descending auction. I make no claims regarding the success or failure of any particular auction outcome.**

**OFFICIAL FILE**

ILL. C. C. DOCKET NO. 05-0160, 0161, 0162

*Staff Cross* EXHIBIT NO. 7

WIT. \_\_\_\_\_

Date 7-9-05 Reporter CB